



Dacorum Borough Council

Draft Internal Audit Operational Plan
2017/18

February 2017

This report has been prepared on the basis of the limitations set out on page 5.

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1. Background

This document sets out the Internal Audit operational plan for Dacorum Borough Council for discussion and approval by the Audit Committee. The purpose of this plan is to identify the work required to achieve a reasonable level of assurance to be provided by Internal Audit in compliance with the Code of Practice for Internal Audit.

The fundamental role of Internal Audit is to provide senior management and the Audit Committee with independent assurance on the adequacy, effectiveness and efficiency of the system of internal control, and to report major weaknesses together with recommendations for improvement. This role is fulfilled by carrying out appropriate audit work in accordance with an annual operational plan as approved by the Audit Committee.

2. 2017/18 Audit Planning

As part of the audit planning, for 2017/18 we have prepared a proposed plan of internal audit work for the period 1 April 2017 to 31 March 2018.

The Internal Audit Plan 2017/18 was developed based on:

- Discussions with key members of management;
- Review of the risks and priorities contained in DBC's strategic and operational risk registers;
- Review of DBC's key objectives, plans and frameworks; and
- Reference to previous audit and assurance work and the progress towards implementing recommendations.

The Internal Audit Plan 2017/18 detailed in Appendix A particularly seeks to:

- Address areas of specific concern identified by management; and
- Provide independent assurance where high reliance is placed by management on first and second layers of defence.

The Internal Audit Plan will remain flexible during the current financial year to adapt, as required, to the changing needs of DBC. Any proposed changes to the Internal Audit Plan, in year, will be presented to the Audit Committee for approval. Appendix A contains the proposed timings of the audits for 2017/18.

Internal Audit Plan 2017/18

Appendix A

Assurance Requirement	Area	Scope	Risk no.	Risk Category	Planned Days 2017/18	Proposed Quarter 2017/18
Core Financial Systems	Main Accounting	Audits previously given Full Assurance: the audit will cover the adequacy and effectiveness of the Key Controls in place across the four areas. Other controls tested will include any new controls operating for the first time in 2017/18, any controls where there is perceived to be a weakness, and a judgmental sample of other controls in operation across the four areas.	F7	Financial	15	Q3
	Treasury Management, Cash & Bank					
	Accounts Receivable					
	Accounts Payable					
	Budgetary Control	To cover strategic approach to co-ordinating budgetary control, monitoring and reporting, and also testing a sample of departments.	F7, FR_F03	Financial	7	Q4
	Council Tax	Covering adequacy and effectiveness of controls including liabilities, billing, cash collection, recovery and accounting. CRSA to be applied.	F7, FR_R01	Financial/ Reputational	8	Q3
	NNDR	Covering adequacy and effectiveness of controls including Business Rate Retention Scheme, income maximisation, fair revenue distribution and appeals.	F7, FR_R01	Financial/ Reputational	8	Q3
	Housing Benefit & Council Tax Support	Covering adequacy and effectiveness of controls including new claims, size criteria, benefit caps, amendments, backdated benefits, payments and reconciliations. CRSA to be applied.	FR_R02	Reputational	8	Q4
Core Financial Systems Total					46	

Assurance Requirement	Area	Scope	Risk no.	Risk Category	Planned Days 2017/18	Proposed Quarter 2017/18
Operational Risks	Empty Homes	Covering adequacy and effectiveness of controls over management of the empty homes process, including statutory checks.	HL_F02	Operational/ Financial	10	Q3
	Community Infrastructure Levy	Covering adequacy and effectiveness of controls over the introduction of the levy, including its forecasting, collection and accounting processes.	I3	Infrastructure	10	Q4
	Housing Rents	Covering adequacy and effectiveness of controls over the management of housing rents and service charges, including collection of rent arrears.	F6, F7	Financial	10	Q1
	Off-Payroll Engagement	Specific audit of the authority's arrangements to review and record the intermediary status of existing and future personal service companies (PSC).	C5	Legal and Regulatory	5	Q1
Operational Risks Total					35	
Assurance Requirement	Area	Scope	Risk no.	Risk Category	Planned Days 2017/18	Proposed Quarter 2017/18
Strategic Risks	Information Governance	Covering adequacy and effectiveness of controls over the preparations for General Data Protection Regulation, compliance with the Freedom of Information Act and Transparency.	C5,C7	Legal and Regulatory/ Corporate	15	Q1
	Community Contracts	Partnership / contract management assurance in respect of new Community Contracts. A sample of projects in the programme will be selected.	PP_R014	Organisational /Management	15	Q2
	Capital Programme	To review the Council's controls in place to prevent slippage of significant capital projects. The review will also look at the whole approach that the Council takes with a focus on particular projects.	FR_F02	Financial	14	Q3
Strategic Risks Total					44	
Assurance Requirement	Area	Scope	Risk no.	Risk Category	Planned Days 2017/18	Proposed Quarter 2017/18
ICT	Cloud Computing	The scope will focus on Cloud governance and Information Security Risk Management, contract compliance management monitoring, Protection and Privacy of Information Assets in the Cloud and Cloud Services Asset Management Security.	C7,PP_R04	Corporate/ Reputational		Q2
	Social Media	The review will focus on governance, policies, procedures, training and awareness functions related to social media	C7, R5	Corporate/ Reputational		Q3

ICT Total					30	
Governance, Fraud & Other Assurance Methods	Counter Fraud	Internal Audit will continue to work with the Council in the development of a fraud risk register, the provision of fraud awareness training, pro-active fraud exercises, etc.		All	10	Q1-Q4
	Governance and Risk Management	The use of CRSA to provide assurance that managers understand their requirements and take ownership of their responsibilities		All	10	Q4
	Continuous Auditing/Data Mining	Data analysis scripts will be written on which both identify anomalies as well as comparing the number of anomalies occurring on a period by period basis.		Operational	12	Q1-Q4
	Benefit/Savings Realisation	To provide assurance that processes are in place to measure such initiatives.	F7, FR_F03	Financial	10	Q3
Fraud & Other Assurance Methods Total					42	
Other	Follow-up of Recommendations	Follow-up of all priority 1 and 2 recommendations made in final reports issued.			10	
	Management (including Audit Committee Training)				22	
	Ad Hoc	Contingency allocation to be utilised upon agreement of the Director (Finance & Operations).			30	
Other Total					62	
Total					259	

Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Our procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our work and to ensure the authenticity of such material. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Mazars LLP

London

February 2017

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